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Folli Follie baby

Stephen Wigley
University of Huddersfield
Introduction

• Context and aim.

• Literature.

• Methodology.

• Findings.

• Conclusion
Context & Aim

Fashion retailing:

• Dynamic market and intense competition.
• Apparent inconsistencies in what defines success – ‘back of house’ & ‘market-facing’.

→ Growth demands innovative corporate structures & business processes...

...alliance emerging as key.
Context & Aim
‘Market-facing’ alliances are apparently common in fashion – increasingly so...

...but literature has focused on ‘back of house’ alliances.

Aim is to understand why and how market-facing alliances in the fashion sector occur.
Literature - *Definitions*

- Alliance, JV, collaboration...?
- Das & Teng (2003) – all of the above.

→ “voluntary cooperative inter-firm agreements aimed at achieving competitive advantage for the partners” characterised by “each firm... remaining independent, without losing their strategic autonomy despite their common goal” (Das & Teng 2001 / Dussuage & Garette 1999)
Literature - Motives

Motives for alliance

Strategic
Access to new markets
Firm core competences

Managerial
Reduce supply base
Stabilise supply/demand
Personal loyalty

Financial
Cost savings
Reduced prices
Leverage capital

Technical
Access to R&D
Access to specialist skills

Whipple & Gentry (2000)
Literature – *Partner Selection*

- Complimentarity – Lorange & Roos 1993)
  - Complimentary skills;
  - Cooperative cultures;
  - Compatible goals;
  - Commensurate levels of risk

...variable dependent on needs, circumstances, experience etc. of the alliance.
Methodology

• Case study informed by interviews and corporate and media reports.
• Folli Follie – jewellery & accessories.
• Lapin House - childrenswear
Findings - *Motives*

- Strategic – growth & competitive advantage.
- Financial – to share investment and risk.
- Technological – complementary skills & resources.
- Managerial – access the Chinese market.

**Folli Follie:**
- Product line expansion;
- Access to specialist skills;
- Quick entry to new product category;
- Reduced supplier-selection risk;
- Reduced NPD/R&D costs;
- Brand extension.

**Lapin House:**
- Access to new geographic market;
- Speed & ease of market entry;
- Access to FF’s experience;
- Piggy-back on FF’s brand;
- Rationalise supply-base & manufacturing.
## Findings - Motives

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Findings – *Partner Selection*

- Mutual positive compatibilities.
- Complimentary strengths and weaknesses.
- Nationality & language a key factor.

**Folli Follie:**
- LH’s expertise in category;
- LH’s manufacturing & distribution systems;
- Greek nationality;
- Previous experience.

**Lapin House:**
- FF’s Chinese retail license & network;
- FF’s brand awareness;
- FF’s experience in China;
- Greek nationality.
Findings – *Operation & Success*

- “like any relationship having much in common makes the partnership easier”.
- Shared culture and previous collaboration.
- Honest and open account of strengths & weaknesses, aspirations and expectations.
- Identification of ‘cross-over’ competences & focus delegation of activities.
- Appreciation that risk to brand was not equal – but potential reward was also unequal.
Conclusion

• New motive, specific to fashion industry, identified.
• Role of creative professionals and market-facing competences heightened.
• Heightened significance of...:
  – Corporate culture;
  – Language and nationality;
  – Personal relationships.
• Raises issue of ‘industry-specific’ motives being explored further.
Conclusion

Motives for alliance

- **Strategic**
  - Access to new markets
  - Firm core competences

- **Managerial**
  - Reduce supply base
  - Stabilise supply/demand
  - Personal loyalty

- **Financial**
  - Cost savings
  - Reduced prices
  - Leverage capital

- **Technical**
  - Access to R&D
  - Access to specialist skills

**Fashion industry specific: desire to benefit from...**
- ‘Back-of-house’ competences:
  - Fashion product design
  - Fashion product development
  - Responsive manufacturing

- ‘Market facing’ competences:
  - Brand creation and management
  - Marketing communications and PR
  - Retail and sales channel presentation